

Message Text

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ACTION COME-00

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FM AMEMBASSY LAGOS

TO SECSTATE WASHDC 2603

INFO AMCONSUL IBADAN

AMCONSUL KADUNA

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FOR MEPD

E.O. 11652: N/A

TAGS: BEXP, EINV, NI

SUBJECT: MAJOR PROJECT: DIRECT REDUCTION STEEL MILLS:

ADO IBRAHIM ENGINEERING LTD.

REF: STATE 300393

SUMMARY: INITIAL INQUIRIES INDICATE THAT SUBJECT FIRM, ONLY 10 MONTHS OLD, HAS MODEST TECHNICAL CAPABILITY BUT PARENT ORGANIZATION SEEMS RESPECTABLE AND WORTHY OF FURTHER INVESTIGATION BY MCKEE.
END SUMMARY.

1. FOR INFO ADDRESSEES: REFTEL STATED THAT ADO IBRAHIM ENGINEERING LTD., 36 BALOGUN STREET, P.O. BOX 2056, LAGOS, HAS APPROACHED ARTHUR MCKEE COMPANY TO FORM JOINT VENTURE TO BID ON DIRECT REDUCTION STEEL MILLS. REFTEL REQUESTED DETAILS FIRM'S SOLVENCY, CAPABILITIES, DEPENDABILITY, EXPERIENCE AND OUR OPINION ON ITS SUITABILITY AND INFLUENCE RELATIVE STEEL MILL PROJECTS. SINCE FIRM ACTIVE IN ILORIN, KANO, KADUNA AND JOS, PLEASE ADD ANYTHING YOU CAN TO FOLLOWING.

2. WTDR SUBMITTED JULY 5, 1973 ON PARENT FIRM, ADO IBRAHIM ANC CO. LTD., 17 MARTIN STREET, LAGOS, PRIMARILY A TRADING FIRM DEALING IN MINING, NAVIGATION, AND BUILDING ENGINEERING EQUIPMENT; BUILDING MATERIALS, HARDWARE, OIL SERVICING. MORE RECENTLY FIRM HAS ADDED
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CURDE OIL BROKERING FOR NIGERIAN NATIONAL OIL COMPANY AND STATES

IT HAS SALES CONTRACT WITH CROWN CENTRAL OIL CO., BALTIMORE.

3. ACCORDING EMBASSY FILES, ALHAJI ADO IBRAHIM, BORN 1929 IN OKENE, KWARA STATE (AS IT HAPPENS QUITE NEAR AJAOKUTA, PROPOSED SITE OF SOVIET-ASSISTED BLAST FURNACE STEEL MILL), CLAILED B.S. IN MINING ECONOMICS FROM UNIVERSITY OF LONDON AND 1958 MBA MAGNA CUM LAUDE FROM HARVARD. ESTABLISHED OWN BUSINESS ABOUT 1960 WITH RELATIVES AND HAS BEEN OR STILL IS INVOLVED IN MANUFACTURING PINS AND CLIPS, MINING, FINANCE, OWN INSURANCE COMPANY, BUSINESS CONSULTANCY, IMPORTING CEMENT, RICE AND MACHINERY; FISHING COMPANY, BUSINESS CONSULTANCY, CIVIL ENGINEERING AND CONSTRUCTION. AS FAR AS IS KNOWN ORGANIZATION IS ENTIRELY INDIGENOUS, RATHER LARGE AND LONG-ESTABLISHED BY LOCAL STANDARDS BUT NOT PARTICULARLY PROMINENT. ADO IBRAHIM HIMSELF FAVORABLY KNOWN TO EMBOFFS AND, PENDING BANK CHECK, NOTHING DEROGATORY KNOWN ABOUT HIS ORGANIZATION ASIDE FROM INITIAL FAILURE RESPOND TO 1972 WTDR QUESTIONNAIRE, WHICH COULD HAVE BEEN OVERSIGHT. IN 1972-73 MINISTRY OF TRADE AND NEW NIGERIA BANK (PROTECT BOTH SOURCES) RECOMMENDED ORGANIZATION AS RESPECTABLE AND GOOD FOR NORMAL BUSINESS ENGAGEMENTS BUT, ACCORDING TO RECENT COMPANY LITERATURE, THE ORGANIZATION IS A SHAREHOLDER IN THE BANK.

4. EMBOFF INTERVIEWED IBRAHIM'S EXECUTIVE ASSISTANT, JOE IZUORAH, WHO QUITE COOPERATIVE ALTHOUGH VAGUE ON DETAILS. HE REVEALED THAT SUBJECT FIRM, ADO IBRAHIM ENGINEERING, RECENTLY CAME QUITE CLOSE TO JOINT VENTURE WITH U.K. FIRM OF CAPRO DEVELOPMENTS LTD., BERKLEY SQUARE, LONDON, BUT THIS NOW "OVERTAKEN BY EVENTS" AND PROBABLY WILL NOT EVENTUATE. AFTER SOME HESITATION, HE GAVE EMBOFF GLOSSY BROCHURE PREPARED TO ANNOUNCE CAPRO JOINT VENTURE, WHICH WAS INTENDED UNDERTAKE LARGE-SCHALE HOUSING, HOSPITAL, ROAD, WATER AND SEWER CONSTRUCTION, ON UNDERSTANDING THAT MUCH OF INFORMATION NO LONGER APPLIES. BROCHURE POUCHED MR. JASPER, MEPD. IT STATES THAT ADO IBRAHIM ENGINEERING INCORPORATED MARCH 5, 1975. IZUORAH SAID FIRM NOW OCCUPIES TWO OF ORGANIZATION'S THREE FLOORS AT 36 BALOGUN, HAS ABOUT 50 PERMANENT EMPLOYEES, IS REGISTERED FEDERAL CATEGORY C FOR PROJECTS UP TO TWO MILLION NAIRA (DOLLARS 3.2 MILLION) AND ITS LARGEST PROJECT TO DATE IS ROYAL HOTEL, ILORIN, KWARA STATE. FINANCIAL REFERENCE IS STANDARD BANK OF NIGERIA, INVESTMENT HOUSE, BROAD STREET, LAGOS. ASKED IF FIRM EMPLOYS ANY ENGINEERS REGISTERED WITH COUNCIL OF REGISTERED ENGINEERS OF LIMITED OFFICIAL USE

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NIGERIA, IZUORAH DID NOT RPT NOT KNOW. (COUNCIL'S LIST, DATED MAY 15, 1975, OF 730 ENGINEERS DOES NOT RPT NOT APPEAR TO INCLUDE ANY ADO IBRAHIM ENGINEERS BUT IS LISTS VERY FEW INDIGENOUS ENGINEERS IN PRIVATE SECTOR.)

5. ASKED WHAT SUBJECT FIRM COULD CONTRIBUTE TO JOINT STEEL MILL VENTURE, IZURAH CLAIMED IT COULD PROVIDE ALL LOCAL NEEDS, FINANCING AND CONTACTS. HE EXPLAINED THAT SUBJECT FIRM SEARCHING

FOR LARGE FOREIGN PARTNER TO PROVIDE EXPERTISE IN CONSTRUCTION, PORT DEVELOPMENT, STEEL MILLS AND OTHER MAJOR PROJECTS. HE CONFIDENT THAT WITH QUALIFIED PARTNER FIRM CAN OBTAIN LARGE CONTRACTS. COMMENT: INITIALLY, SUBJECT FIRM APPEARS TO BE ONE OF MANY INEXPERIENCED NIGERIAN FIRMS SEEKING FOREIGN PARTNERS TO UNDERTAKE LARGE DEVELOPMENT PROJECTS. DISTINCTIVE FEATURES ARE PARENT ORGANIZATION'S COMPARATIVELY LARGE SIZE BY INDIGENOUS STANDARDS AND IBRAHIM'S 15-YEAR PRIVATE SECTOR CAREER WITHOUT APPARENT BLEMISH. ENGINEERING CAPABILITY INITIALLY APPEARS QUITE MODEST BUT TYPICAL OF INDIGENOUS PRIVATE SECTOR. SINCE THERE NO RPT NO NIGERIAN FIRMS WITH TECHNICAL CAPABILITY TO CONSTRUCT STEEL MILLS AND SINCE SUBJECT FIRM EVENTUALLY WILL FIND FOREIGN PARTNER IT WOULD SEEM TO WARRANT FURTHER INVESTIGATION BY MCKEE, DEPENDING ON LATTER'S NEEDS. IF FURTHER EMBASSY INVESTIGATION DESIRED WOULD APPRECIATE LEARNING (1) NATURE OF PROPOSED JOINT VENTURE, (2) HOW IBRAHIM LEARNED OF MCKEE INTEREST IN STEEL MILL PROJECT. EASUM

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